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JUL 18 1953

NSC REVIEW COMPLETED

Mr. William F. Finan
Assistant Director for Management
and Organization
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Finan:

I am glad to submit the views of this Agency on the proposed Executive Order and on the draft of the Presidential memorandum to the Executive Secretary of the National Security Council forwarded with your letter of 9 July 1953.

With regard to the proposed Executive Order, this Agency has no objection to the substance of its provisions which create the Operations Coordinating Board and set forth its general functions subject to the comments in the last paragraph of this letter. The proposed manner of functioning, however, raises questions which we believe should be resolved prior to issuance of the Order. Section 5 of the draft provides that the Central Intelligence Agency shall, among others, furnish assistance to the Board consonant with law in accordance with 31 U.S.C. 691. This, of course, we are prepared to do subject to the availability of funds.

However, Section 4 authorizes the Executive Director of the Board to appoint necessary employees to the Board and supervise the work of the staff. This appears to authorize the establishment of an entity outside the contemplation of 31 U.S.C. 691. Furthermore, under Section 1 of the proposed Order, the Board, and with it the staff, is deemed to be an agency within the structure of the National Security Council. The National Security Council is a statutory agency established by the National Security Act of 1947. Section 101(c) of that Act provides for a staff for the National Security Council and authorizes the Executive Secretary thereof to hire the necessary personnel.

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The National Security Council is given an annual appropriation for this staff. To our knowledge, no provision has been made in this appropriation for the Fiscal Year 1954 for a staff for the Operations Coordinating Board within the structure of the National Security Council. If it is contemplated that such a staff be supported by contributions from other agencies, including the Central Intelligence Agency, under Section 5 of the proposed Executive Order, we suggest that consideration be given to the question of this Agency's authority to give such support in the light of the provisions of 31 U.S.C. 991.

In connection with the proposed Presidential memorandum to the Executive Secretary of the National Security Council, certain substantive provisions are of concern to this Agency. In Chapter 7 of the report of the President's Committee on International Information Activities, on page 93 it is stated that "it would be appropriate to rescind paragraphs 2 and 3 of NSC 10/5." This Agency strongly supports this view but feels that rescission is not accomplished in the memorandum as presently drafted. Instead paragraphs 2 and 3 of NSC 10/5 remain in effect with the functions transferred to the Operations Coordinating Board. In order to accomplish the purpose intended by the report, the Agency recommends that the proposed memorandum be amended by eliminating paragraph "a" on page 1, by relettering paragraphs "b" and "c" to be "a" and "b" and by adding a new subparagraph under "Other" on page 2, stating:

"Paragraphs 2 and 3 of NSC 10/5, approved 23 October 1951, are rescinded."

There is no objection to the abolition of the Consultants Group and the transfer of their functions to the Operations Coordinating Board, provided that this does not limit the normal liaison between the Central Intelligence Agency, Department of State, and Department of Defense on questions of foreign and military policy, but rather provides a point of reference for such questions as are not resolved in this liaison. In order to reflect this thought specifically this Agency recommends that present paragraph b on page 1 of the Memorandum (paragraph a under the amendment proposed above) which assigns additional functions to the new Board be amended to read as follows:

"The policy coordinating functions provided for in paragraph 3.d.(1) of NSC 10/2 approved June 18, 1948."

While supporting the transfer of responsibility [redacted] to the Department of Defense, we believe the scope of the transfer and the understanding on timing could be clarified by the adoption of the following wording in place of the present initial paragraph on page 2 of the proposed memorandum.

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Responsibility for the support of, and training for, the above operations shall be transferred from the Central Intelligence Agency to the Department of Defense as soon as appropriate arrangements can be made. Other clandestine operations presently conducted by CIA in conjunction with such operations shall remain the responsibility of the Director of Central Intelligence.

In considering the effect of the proposed Executive Order and proposed Presidential Memorandum, it is the view of this Agency that HSC 10/2 and HSC 10/5, as revised by the Memorandum, should be re-examined. A proposed revision of these directives, taking account of the above suggestions and the proposed functions of the new Board, will be submitted shortly by the Central Intelligence Agency.

We have one general comment which relates to the broad functions assigned to the Operations Coordinating Board under Section 3(a) of the Executive Order. As we interpret this section the new Board would have the duty under subsections (1), (2), (3), and (4) of this section of assuming broad responsibilities with respect to each and every national security policy approved by the President. This would apparently include policies assigned exclusively to one department or agency and also policies having largely domestic as well as international implications. We feel that such assignment of duties may prove to be too broad and general and that this section should be limited to such national security policies as might be designated at the time of approval by the President as falling within the proper scope of activities of the new Board.

Very truly yours,

/s/
Allen W. Dulles
Director

OGC/LRH:blr

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